

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00

NSC-05 PRS-01 SP-02 SS-15 USIA-06 ACDA-07 /062 W

----- 032184

R 070057Z JUL 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 7050

INFO SECDEF WASHDC

JCS WASHDC

CINCPAC HONOLULU

CINCPACFLT

CINCPACAF

CINCPACREPPHIL SUBIC

CG 13TH AF CLARK

C O N F I D E N T I A L SECTION 1 OF 3 MANILA 9736

CINCPAC ALSO FOR POLAD

FROM USDEL 0073

E.O. 11652: GDS

TAGS: MARR, RP

SUBJECT: PHILIPPINE BASE NEGOTIATIONS: DAILY SUMMARY NO. 12.

1. SUMMARY: U.S. AND PHIL NEGOTIATING PANELS MET MORNING AND AFTERNOON OF JULY 6, FOLLOWING LONG WEEKEND RECESS. ROMUALDEZ OPENED MORNING PLENARY WITH SOMETHING OF A BOMB-SHELL BY STATING THAT, AFTER HAVING VISITED U.S. FACILITIES, HE CONCLUDED THAT U.S. SHOULD "RELINQUISH" WALLACE AND SAN MIGUEL AND INCORPORATE THEIR FUNCTIONS INTO CLARK AND SUBIC. UNDER INCREDULOUS QUESTION BY SULLIVAN, HE BACKED AWAY SOMEWHAT FROM THIS STATEMENT AND SETTLED ON ASSERTION THAT BOTH FACILITIES SHOULD BE "COMPLETELY CONTROLLED" BY PHILS. UNDER FURTHER PRESSURE, HE FINALLY REITERATED HIS POSITION THAT SUCH "CONTROL" SHOULD NOT HAMPER U.S. INTEGRITY OF OPERATIONS. WHATEVER THE PURPOSE OF THIS SHOCK TREATMENT, IT SEEMED AN ABERRATION FROM THE

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GENERAL EXPERIENCE OF THE DAY, IN WHICH THE VARIOUS

WORKING GROUPS MADE PAINFUL, PEDESTRIAN  
PROGRESS ON A NUMBER OF SMALL, BUT OCCASIONALLY CRITICAL  
ITEMS, ESPECIALLY IN THE FIELD OF COMMAND AND CONTROL.  
A WORK SCHEDULE WAS AGREED AS A GENERAL CONSENSUAL GUIDE  
WHICH IS DESIGNED TO COMPLETE OUR DELIBERATIONS BY THE  
END OF JULY. END SUMMARY.

2. PLENARY SESSION RECONVENED 9:30 AM (LOCAL) JULY 6  
WITH AMB SULLIVAN AGREEING THAT THE NEGOTIATING SCHEDULE  
SUBMITTED JULY 3 BY THE PHIL PANEL WOULD SERVE AS A USEFUL  
GUIDE WITH THE UNDERSTANDING (1) THAT COMPENSATION  
ISSUE WOULD BE DISCUSSED JULY 7 RATHER THAN JULY 13  
AND (2) THAT THERE WOULD BE GENERAL FLEXIBILITY ON WHEN  
SPECIFIC ARTICLES WOULD BE CONSIDERED. AT PELAEZ'  
INITIATIVE, HE AND BARRINGER SURVEYED AREAS OF POTENTIAL AGREE-  
MENT AND DIFFERENCE COMING OUT OF THEIR WORKING GROUP  
DELIBERATIONS ON ARTICLE II, USE OF FACILITIES. PELAEZ  
STRESSED THE PHILIPPINE VIEW THAT THE WORDS "FOR  
MILITARY PURPOSES" TO BE USED IN DESCRIBING THE USE OF  
FACILITIES. IN DISCUSSING THE CONDITIONS GOVERNING  
THE USE OF THE BASES INVOLVING COMBAT OPERATIONS,  
AMB SULLIVAN PRESSED FOR USE OF THE PHRASE "CONSULTATION  
WITH THE PHILIPPINE GOVERNMENT"  
RATHER THAN "PRIOR CONSENT OF THE PHILIPPINE GOVERNMENT.Z  
SULLIVAN EMPHASIZED THAT THIS FORMULATION WAS DEVELOPED  
IN THE BOHLEN-SERRANO AGREEMENT AND HAD PROVEN ITS  
DURABILITY AND APPROPRIATENESS OVER THE YEARS. AT  
MID MORNING, ROMUALDEZ MADE BLUNT ANNOUNCEMENT THAT  
PHILIPPINES INTENDED TO PURSUE THE RELINQUISHMENT OF  
SAN MIGUEL, WALLACE AND JOHN HAY AND THAT CURRENT  
NEGOTIATIONS WOULD BE CONDUCTED ON THAT PREMISE.  
SULLIVAN COUNTERED STRONGLY POINTING OUT THAT THESE  
FACILITIES ARE INTEGRAL TO OPERATIONAL EFFECTIVENESS  
OF CLARK AND SUBIC AND THEIR RELINQUISHMENT WOULD RUN  
DIRECTLY COUNTER TO THE BASIC UNDERSTANDINGS THAT  
UNDERLIE THESE NEGOTIATIONS. ROMUALDEZ BEGAN TO  
BACKTRACK STATING THAT THERE WAS NO DESIRE TO HAMPER  
U.S. OPERATIONS AND THAT SOME ARRANGEMENTS COULD BE  
MADE FOR THE U.S. TO USE THESE "AUXILIARY  
STATIONS" SO LONG AS THEY WERE UNDER FULL CONTROL OF  
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THE PHILIPPINES. FOLLOWING THIS AWKWARD POSTURING,  
WHICH APPARENTLY WAS NOT STAFFED WITHIN PHIL PANEL,  
PLENARY DISSOLVED INTO WORKING GROUPS.

3. CHAIRMAN GROUP:  
(A) DISCUSSION IN CHAIRMEN'S GROUP CENTERED  
FIRST ON DIFFICULTIES ROMUALDEZ CLAIMS TO BE ENCOUNTERING  
IN PRODUCING FIGURES FOR "DEFENSE SUPPORT" RELATIVE

TO PHIL DRAFT ARTICLE XIX. SULLIVAN TOLD HIM THAT UNLESS FIGURES PRODUCED BY NEXT DAY, IT WOULD APPEAR IMPOSSIBLE TO MEET AUGUST DEADLINE. HE POINTED OUT NEED FOR CONGRESSIONAL CONSULTATION AND CITED COMING CONGRESSIONAL RECESS. ROMUALDEZ FINISHED BY AGREEING TO SEE PRESIDENT MARCOS THAT EVENING TO GET AUTHORITY TO TABLE FIGURE FOLLOWING DAY. DISCUSSION THEN MOVED TO ARTICLES ON REMOVAL OF PROPERTY. SULLIVAN TABLED U.S. REDRAFT. ROMUALDEZ WORKED IT THROUGH SLOWLY, PRONOUNCED IT GENERALLY ACCEPTABLE BUT SAID HE WOULD HAVE SUGGESTIONS FOR MINOR REDRAFTING TOMORROW. HIS PROBLEMS SEEMED TO CENTER ON U.S. PROVISIONS FOR REMOVAL OF "EQUIPMENT RELATED TO SPECIFIC USE OF BUILDING ... NO MATTER HOW INSTALLED."

(B) NEXT SUBJECT RAISED WAS TERM OF AGREEMENT. ROMUALDEZ PROPOSED THAT WE ATTEMPT "RECONCILE" U.S. AND PHIL POSITIONS. HE SAID HE WAS PREPARED PROPOSE BOTH A FIXED PERIOD OF TIME AND A REFERENCE TO MUTUAL DEFENSE TREATY. WHEN SULLIVAN SAID THAT FORMULATION, ROMUALDEZ SUGGESTED SOUNDED "NEGATIVE," ROMUALDEZ SAID HE WAS PREPARED TO ADDRESS MATTER IN "POSITIVE" WAY AND ASKED FOR ANY U.S. SUGGESTIONS. WE WILL DRAFT PROPOSALS FOR WASHINGTON CONSIDERATION.

(D) ON SUBJECT OF MUTUAL DEFENSE BOARD/JOINT COMMITTEE, ROMUALDEZ EXPANDED ON PHIL VIEWS BY SUGGESTING THAT TWO INSTITUTIONS COULD COEXIST. HOWEVER, HE WISHED MDB, WHICH WOULD BE COMPOSED OF MILITARY OFFICERS, TO CONFINE ITS FUNCTIONS ENTIRELY TO MATTERS OF MUTUAL DEFENSE, WHICH HE DEFINED AS PLANS, INTELLIGENCE, AND

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ACTION EA-09

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R 070057Z JUL 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 7051

INFO SECDEF WASHDC

JCS WASHDC

CINCPAC HONOLULU  
CINCPACFLT  
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CINCPACREPPHIL SUBIC  
CG 13TH AF CLARK

C O N F I D E N T I A L SECTION 2 OF 3 MANILA 9736

CINCPAC ALSO FOR POLAD

FROM USDEL 0073

E.O. 11652: GDS

TAGS: MARR, RP

SUBJECT: PHILIPPINE BASE NEGOTIATIONS: DAILY SUMMARY NO. 12.

JOINT EXERCISES. ALL OTHER MDB FUNCTIONS, SUCH AS METES AND BOUNDS, LEGAL AFFAIRS, ADMINISTRATION, ETC., SHOULD BE TRANSFERRED TO NEW JOINT COMMITTEE, WHICH WOULD BE ESSENTIALLY CIVILIAN, AT LEAST ON PHIL SIDE. THIS COMMITTEE WOULD CONCERN ITSELF ENTIRELY WITH BASE RIGHTS MATTERS. HE ADMITTED THAT TOP LEVEL OF JOINT COMMITTEE WAS REDUNDANT TO EXISTING COUNCIL OF MINISTERS THOUGHT "MAYBE" IT WOULD BE POSSIBLE BEGIN THE BIFURCATION AT DEPUTY LEVEL, WHERE THE MDB DEPUTIES WOULD BE MILITARY OFFICERS, AND THE JC DEPUTIES WOULD BE CIVILIANS. (THERE ARE SOME INDICATIONS THAT PELAEZ WANTS TO BE THE JC DEPUTY.) (D) IN DISCUSSING CONVERSION OF BASES, ROMUALDEZ SAID  
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PHILS HAD RETREATED FROM IDEA OF CONVERTING JOHN HAY INTO A TOURIST RESORT. PHILIPPINE MILITARY WOULD LIKE TO HAVE IT AND IT WAS HIS "PERSONAL OPINION" THAT U.S. FORCES COULD CONTINUE TO USE IT. HE WAS UNABLE TO SAY AT THIS STAGE WITH WHOM U.S. OFFICIALS SHOULD TALK TO WORK OUT SUCH ARRANGMENTS.

(E) ON VOA AND RRF, ROMUALDEZ SAID THE "THOUGHT" WE COULD WORK OUT CONTINUED USE OF FACILITIES AT CLARK, WALLACE AND JOHN HAY THROUGH EXCHANGES OF NOTES WHICH WOULD BE OUTSIDE THE FRAMEWORK OF THIS AGREEMENT, BUT CONCLUDED SIMULTANEOUSLY WITH IT. HE FELT THEY SHOULD BE BETWEEN ROMULO AND SULLIVAN.

(F) FINALLY, ROMUALDEZ COMPLAINED THAT WE WERE BEING TOO RESERVED ON DEFINING FUNCTIONS OF PHIL BASE COMMANDER. OUR DRAFT, HE SAID, MADE HIM A "NONDESCRIPT NONENTITY." AFTER CONSIDERABLE DISCUSSION OF FUNCTIONS PHILS WOULD LIKE HIM TO PERFORM, HE WALKED SOME DISTANCE AWAY FROM THE SEVERAL ITEMS IN PHIL DRAFT WHERE PHIL BASE COMMANDER'S "CONSENT" IS REQUIRED.

HE SAID IT WOULD BE ENOUGH FOR BASE COMMANDER TO BE "INFORMED" OF MANY OPERATIONAL ASPECTS OF U.S. FORCES. IT IS NOT YET CLEAR WHETHER THIS DEGREE OF FLEXIBILITY HAS REACHED GENERAL ESPINO AND HIS COLONELS, BUT AS REPORTED ELSEWHERE IN THIS MESSAGE, SOME MOVEMENT WAS ALSO NOTED IN THEIR POSITIONS.

4. FACILITIES: IN ABSENCE OF WASHINGTON GUIDANCE ON PROPOSED ARTICLES II AND III, U.S. TEAM SOUGHT TO LEAD PHILS INTO DISCUSSION OF PHIL VIEWS ON LAND AREAS TO BE INCLUDED IN NEW AGREEMENT. SUBSEQUENT DISCUSSION RESULTED IN FOLLOWING PHIL DISIDERATA:

(A) SUBIC BAY: PENINSULAR (ZAMBALES) TRAINING AREA ON WEST SIDE OF BAY TO BE EXPANDED TO INCLUDE ALL OF NASASA-TABONES RANGE WITHIN AREA OF PHILIPPINE BASE. THIS NEWLY DESIGNATED AREA (AS WELL AS PRESENT ZAMBALES TRAINING AREA) WOULD NOT RPT NOT BE INCLUDED UNDER U.S. FACILITIES BUT AGREEMENT WOULD SPECIFY TERMS FOR JOINT USE OF AREA, AS A PHILIPPINE NAVAL RESERVATION, INCLUDING POSSIBILITY THAT U.S. WOULD CONTROL SCHEDULING.

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-- WATERSHED TO BE EXCLUDED FROM U.S. FACILITIES BUT REMAIN AS PART OF PHILIPPINE BASE, WITH PHIL BASE COMMANDER COORDINATING WITH U.S. FACILITIES COMMANDER ON MANAGEMENT ARRANGEMENTS TO PROTECT WATERSHED.

-- WATERS OF SUBIC BAY TO BE CONTROLLED UNDER ARRANGEMENTS BETWEEN PHIL BASE AND U.S. FACILITIES COMMANDERS TO BE SPECIFIED ELSEWHERE IN AGREEMENT.

-- ALL OTHER AREAS PRESUMABLY INCLUDED UNDER U.S. FACILITIES.

(B) CLARK AIRBASE: ZONE A TO BE INCLUDED UNDER U.S. FACILITIES EXCEPT FOR WATERSHED WHICH WOULD REMAIN WITHIN PHIL BASE, WITH PHIL BASE COMMANDER COORDINATING WITH U.S. FACILITIES COMMANDER ON MANAGEMENT ARRANGEMENTS.

-- ZONE B TO BE U.S. FACILITY, INCLUDING SMALL NORTH-EAST CORNER SEGMENT OF ZONE D USED BY U.S.

-- ZONE C FOR JOINT USE WITH PHILS NOT YET CLEAR ON WHO WOULD CONTROL AND ADMINISTER. THEY SEEK SIMILAR ARRANGEMENT UNDER A PHIL BASE COMMANDER AS AT SUBIC TRAINING/TABONES AREA, BUT HAD NOT TAKEN COMPLEXITY AND EXPENSE OF CROW VALLEY RANGE INTO ACCOUNT.

(D) WALLACE AND SAN MIGUEL: DESPITE ROMUALDEZ POSTURING

IN MORNING PLENARY, PHILS INDICATED  
APPARENT WILLINGNESS  
TO INCLUDE UNDER U.S. FACILITIES NECESSARY PORTIONS  
OF WALLACE AND ALL OF SAN MIGUEL, WITH POSSIBLE EXCEPTION  
OF FARMING PLOTS AT SAN MIGUEL.

(D) JOHN HAY: U.S. POINTED OUT DIFFICULTY OF FINANCE  
AND CONTROL. PELAEZ REFERRED CASUALLY TO "COMMERCIAL  
OPERATION" BUT INDICATED HIS WORKING  
GROUP HAD GIVEN LITTLE THOUGHT TO PHIL DESIRES.

5. OPERATION OF BASES: GROUP CONCENTRATED ON DIS-  
CUSSIONS OF ARTICLES III AND IV U.S. DRAFT AND ARTICLES  
III, IV AND V OF PHIL DRAFT. PHILS NOW AGREE TO  
PROVISIONS FOR DISPLAY OF U.S. FLAG AT HEADQUARTERS  
OF U.S. FACILITIES COMMANDER AS WELL AS WITHIN BUILDINGS  
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AND OTHER INDOOR SITES, ETC. ALONG LINES OF U.S. ARTICLE  
III, PARA 3, EXCEPT THAT BOTH PHIL AND U.S.  
FLAG WILL FLY AT THE U.S. FACILITIES HEADQUARTERS,  
(AS IS NOW THE CASE AT BOTH CLARK AND SUBIC. PHILS  
AGREED TO TOTAL RE-WRITE ARTICLE III, PARAS 2 A, B, C, D, AND E.  
THE PROVISIONS OF PHIL ARTICLE III, PARA 3 FOR SOLE  
POINT OF CONTACT WOULD BE MODIFIED TO INCLUDE BOTH  
THE PHIL BASE COMMANDER AND U.S. FACILITIES  
COMMANDER AS SOLE POINTS OF CONTACTS FOR MATTERS  
RELATING TO THE BASES AND FACILITIES, WHETHER OF A  
MILITARY OR CIVIL NATURE, EXCEPT AS MAY BE JOINTLY  
DESIGNATED TO RESPECTIVE SUBORDINATES. IN  
ARTICLE IV, PHILS HAVE INDICATED THAT THEIR ARTICLE IV,  
PARA 1, IS AIMED AT PERIMETER SECURITY, AND ARE WILLING

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ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00

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R 070057Z JUL 76  
FM AMEMBASSY MANILA  
TO SECSTATE WASHDC 7052  
INFO SECDEF WASHDC  
JCS WASHDC  
CINCPAC HONOLULU  
CINCPACFLT  
CINCPACAF  
CINCPACREPPHIL SUBIC  
CG 13TH AF CLARK

C O N F I D E N T I A L SECTION 3 OF 3 MANILA 9736

CINCPAC ALSO FOR POLAD

FROM USDEL 0073

E.O. 11652: GDS  
TAGS: MARR, RP  
SUBJECT: PHILIPPINE BASE NEGOTIATIONS: DAILY SUMMARY NO. 12

TO CONSIDER A RE-DRAFT OF THAT PARAGRAPH THAT SAYS  
"PERIMETER SECURITY." PHILS AGREED TO DROPT THE  
SUPERVISORY PROVISIONS OF THIRD SENTENCE THEIR  
ARTICLE IV, PARA. GENERAL ESPINO INDICATED (AGAIN)  
WILLINGNESS TO PROVIDE FOR U.S. PARTICIATION IN GATE  
SECURITY AS A FUNCTION OF CARRYING OUT U.S. INTERESTS  
IN SECURITY. U.S. SIDE OFFERED TO CONSIDER PHIL  
PARTICIPATION IN NORMAL-TYPE FUNCTIONS INVOLING  
THE ROAD SYSTEM. BOTH SIDES INDICATED INTEREST IN  
PROVISIONS FOR A "TROUBLE SHOOTING" COMMITTEE OR OTHER  
WORKING GROUP AT THE PHIL BASE COMMANDER/US.S. FACILITIES  
COMMANDER LEVEL TO WORK OUT POLICIES, REQUIREMENT  
PROBLEMS AND TO RESOLVE PROBLEMS IN SECURITY,  
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ADMINISTRATION AND OTHER AREAS. DISCUSSION INDICATED  
ARTICLE V PHIL DRAFT MAY BE DROPPED, ALTHOUGH U.S.  
ARTICLE V, PARA 4 MIGHT HAVE TO BE RE-WORKED SLIGHTLY  
TO ACCOMMODATE FURTHER FOR PHIL OFFICIALS STATIONED ON  
BASE. ALTHOUGH THERE WERE CONSIDERABLE DISCUSSIONS BY  
PHILS ON SUBJECT OF PORT CONTROL, THERE WERE INDICATIONS  
OF SOME FLEXIBILITY IN THEIR POSITION. IN  
SUM, THERE WAS A DEGREE OF FLEXIBILITY INDICATED BY  
PHILS ON ARTICLES III, IV AND V NOT PREVIOUSLY EXPERIENCED.  
ADDED NOTES -- GENERAL ESPINO TOOK PARTICULAR PAINS TO  
EXPLAIN THAT HE HAD OBTAINED APPROVAL FROM THE TOP  
BRASS TO ASSIGN ONLY THE VERY BEST SECURITY PEOPLE  
ON THE BASES. WHEN QUERIED ON THE SIZE OF

THE PHIL BASE COMMANDER'S STAFF, HE INDICATED THEY HAD NOT YET COME TO GRIPS WITH THAT PROBLEM, BUT THAT IT WOULD NOT BE VERY BIG. IN PREPARATION FOR FORTHCOMING DISCUSSIONS ON PHIL ANNEXES C AND D AND U.S. ARTICLE IX, U.S. SIDE REITERATED IN STRONG TERMS THE TOTAL UNACCEPTABILITY OF PHIL DRAFT ANNEXES C AND D.

6. LEGAL: WORKING GROUP MET WITH DFA LEGAL ADVISER, JOSE PLANA, AND ASST. SOL. GEN. GUITTIEREZ TO DISCUSS APPLICATION OF PHIL LAW, FCJ. CLAIMS AND IMMIGRATION. MEETING WAS OF LITTLE VALUE DUE TO ABSENCE OF SOL. GEN. MENDOZA WHO IS ILL. PHIL GROUP OBJECTED TO U.S. PROPOSAL ON RESPECT FOR LAW, INSISTING ON USE OF WORDS "APPLICATION OF LAW." AFTER FULL DISCUSSION, GOP SIDE AGREED TO THINK FURTHER ABOUT FOUR SPECIFIC USG REQUIREMENTS IN THIS AREA; I.E, EXCEPTIONS SPECIFICALLY EXPRESSED IN THE AGREEMENT, EXCEPTIONS IMPLIED FROM THE AGREEMENT, EXCEPTIONS NECESSARY TO AVOID HAMPERING U.S. OPERATIONS, AND EXCEPTIONS CUSTOMARILY GRANTED TO VISITING FORCES. U.S. SIDE PRESENTED AF AND NAVY CLAIMS REGULATIONS AND FURTHER EXPOUNDED U.S. CLAIMS PRACTICES AND PROCEDURES, TAKING POSITION THAT PRECISE DEFINITION OF "MERITORIOUS" IS NOT FEASIBLE AND COULD UNDESIRABLY REDUCE U.S. FLEXIBILITY. ON IMMIGRATION, PHIL PANEL LISTENED POLITELY BUT WERE CLEARLY UNPREPARED AND APPARENTLY UNAUTHORIZED TO DISCUSS DETAILS. THEY DID AGREE TO PROVIDE MORE INFORMATION.

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MATION AS TO WHAT IS MEANT BY "LIMITED POINT OF ENTRY" IN GOP DRAFT. ON FCJ, BOTH SIDES REITERATED ISSUES OF PRINCIPAL CONCERN. LONG DISCUSSION OF REASONS FOR U.S. WAIVER REQUESTS SEEMED TO BE ENLIGHTENING TO GUITTIEREZ, WHO TOOK COPIOUS NOTES FOR DISCUSSION WITH MENDOZA TONIGHT. GOP SIDE AGAIN DISPLAYED PREOCCUPATION WITH OFFICIAL DUTY CASES AND PARTICULARLY CASES IN WHICH NO U.S. PROSECUTION FOLLOWS THE ISSUANCE OF A DUTY CERTIFICATE. PHIL PANEL STATED THAT IN FINAL ANALYSIS THIS ISSUE MUST BE DISCUSSED WITH MENDOZA BECAUSE OF HIS CREDIBILITY WITH "HIGHER AUTHORITIES." ILLNESS OF MENDOZA ENABLED U.S. PANEL TO SURVIVE DAY WITHOUT INSTRUCTIONS ON FCJ AND PARA 3 OF CLAIMS ARTICLE BUT WE WILL NOT BE ABLE TO MOVE FORWARD ON THESE SUBJECTS UNTIL WE RECEIVE WASHINGTON RESPONSE TO MANILA 9479 AND MANILA 9653.

7. LABOR: CONCLUDED DISCUSSION CLARIFYING PHIL LABOR PROPOSAL, ARTICLE XI. AS EXPLAINED, INTENT IS NOT AS



DISRUPTIVE TO PRESENT LABOR RELATIONS AS THE WORDS INDICATE. MAJOR DISSATISFACTIONS REVOLVE AROUND RELATIVELY FEW INSTANCES OF AMERICANS NOW FILLING JOBS HELD BY FN'S IN THE PAST AND CONTRACTING FOR SERVICES. PHIL DESIRE IS FOR UNQUALIFIED APPLICATION OF PHIL LABOR AND SOCIAL LAW. INCIONG STATED ITEMS 3, 4, 8, AND 9 OF THEIR DRAFT ARE CRITICAL TO THEM IN THAT ORDER. WE THEN TABLED APPROVED U.S. LABOR ARTICLE APPROVED IN STATE 155032 OF JUNE 22. INCIONG ARGUED THAT BLA WORKED WELL BEFORE MARTIAL LAW BUT NOT SINCE; THAT RELATIONSHIPS MUST BE ALTERED AND QUOTE, BLA IS ABSOLUTELY UNACCEPTABLE IN THE FOLLOWING FEATURES:

- (A) ADVISORY ARBITRATION;
- (B) INABILITY TO BARGAIN COLLECTIVELY ON COMPENSATION ITEMS;
- (C) DISCRIMINATION -- THIS REFERRED TO AMERICANS LOCALLY HIRED IN JOBS FORMERLY HELD BY FN'S RECEIVING U.S. WAGE RATES;
- (D) CONSULTATION, WHICH HE CHARACTERIZES AS OUR SIMPLY INFORMING PHILS OF INTENT TO PURSUE CONFIDENTIAL

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A COURSE OF ACTION, WITH NO OPPORTUNITY BY FN'S TO MAKE INPUTS;

- (E) CONTRACTING -- NO DIRECT HIRE EMPLOYEE SHOULD LOSE HIS JOB BECAUSE OF CONTRACTING OUT OF A SERVICE, UNQUOTE. INCIONG STATES INTENT OF PHIL ARTICLE XI WAS TO REPLACE, NOT SUPPLEMENT THE BLA.

8. TAXATION: PHIL STAFF HAVE SUBMITTED A REPORT AND/OR RE-DRAFT OF U.S. ARTICLES X, XVI, XVII AND XIX TO PHIL PANEL AND ARE AWAITING APPROVAL TO GO FORWARD. WORKING GROUP REHASHED DIFFERENCES IN THESE AREAS AS PREVIOUSLY REPORTED.

SULLIVAN

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